

15 May 1995

MEMORANDUM FOR: Director of Central Intelligence

FROM: Chief, DCI Interagency Balkan Task Force

SUBJECT: Principals' Committee Meeting on Bosnia and Croatia, 16 May 1995, 1430-1530 EDT

1. Tomorrow's Principals-only meeting will assess ongoing diplomatic efforts to get Milosevic to recognize Bosnia and to contain fighting in Croatia, a strategy for dealing with the deteriorating situation in Sarajevo, and issues related to implementation of OPLAN 40104.

- You will not be required to take the lead on any agenda item.
- You may be called on to assess the extent of Croatia's withdrawal from the zones of separation and to provide a summary of recent fighting and the situation around Sarajevo.
- At tomorrow's 0930 pre-brief, the Task Force will provide you with specific talking points on these issues, as well as copies of a map showing recent fighting and a chart on humanitarian deliveries to Sarajevo that you can distribute at the meeting.
- If there is any new intelligence related to agenda items, the Task Force will provide you with updated talking points immediately prior to your departure for the meeting. [REDACTED]

2. Contact Group Developments. The Contact Group-- except Russia--agreed last Friday to suspend additional sanctions against Belgrade in exchange for recognition of Bosnia's borders. The package offers a suspension of sanctions against non-strategic trade for six months with a Security Council vote required to renew relief. The Contact Group agreed on a list of strategic goods that could not be traded, including crude oil, petroleum products, energy equipment, iron, steel, and some chemicals. Sanctions against Serbian financial transactions also would be suspended, but currently frozen funds would remain blocked and unavailable to secure new foreign bank loans to the FRY.

- This package of sanctions relief would provide significant near-term benefits to the FRY economy, eroding international leverage on Belgrade to cooperate on future issues. Renewed foreign bank finance of non-strategic trade would stimulate production and employment in Serbia. Ending

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financial sanctions means that some foreign banks would extend lines of credit and perhaps loans to creditworthy FRY firms.

- The sanctions monitoring regime, which would need increased resources to watch for prohibited goods among the larger volume of traffic, probably would wither as contributors withdraw funding and personnel. Once the monitoring regime is dismantled, even with Serb provocation sufficient to politically reverse sanctions relief, effective renewed implementation by frontline states and the FRY's trading partners is unlikely.
- Even State has doubts about whether this carrot to Milosevic will work. Bob Frasure's memo to Secretary Christopher--see TAB A behind MEETING PAPERS TAB--admits that the plan is a "long shot," but it's the only thing going in the diplomatic game at the moment.
- Frasure is to present the proposal to Milosevic tomorrow morning. Some irritation may be expressed at the PC--particularly by Leon Fuerth--that Frasure left for Belgrade before Principals had had a chance to review the Contact Group agreement. [REDACTED]

3. Croatia Developments. The situation in Croatia remains unstable, as Zagreb has yet to fulfill completely its pledge to withdraw Croatian Army forces from the zones of separation. Croatian Foreign Minister Granic told Ambassador Galbraith on Friday that Croatian forces had already been pulled out of the zones. On Saturday, Granic stated publicly that Croatian forces would be pulled out of Sector South by Sunday and from the other sectors in due course. The UN said on Sunday--and again today--that Croatian forces were still in the zones, although some withdrawals had taken place. Most recently, Tudjman told Holbrooke today that the withdrawal would be completed by 1100 EDT tomorrow--a few hours before Principals meet. Needless to say, US officials are increasingly frustrated with Zagreb, particularly since Vice President Gore had read Tudjman the riot act and thought he had assurances the Croats would avoid actions that could lead to an escalation of fighting. [REDACTED]

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4. Sarajevo Developments. Senior policymakers are becoming increasingly concerned about the deteriorating situation around Sarajevo. The humanitarian airlift has been down for more than five weeks, the UN is forecasting imminent food shortages, the Serbs are restricting use of Sarajevo airport to UNPROFOR military personnel; US diplomats have not been able to visit Sarajevo to meet with Bosnian Government officials, firing incidents are up in the Sarajevo area to more than 1,000 per day, use of heavy weapons in the "exclusion zone" is increasing, the Serbs last week reduced the gas inflow to Sarajevo by 50 percent, and the UN has admitted publicly that it cannot defend Sarajevo.

- Principals will consider a JCS paper (TAB B behind MEETING PAPERS TAB) that lays out three proposals for robust military action to prevent the strangulation of Sarajevo--1) secure the airport by forcibly removing combatants from an 8-10 kilometer radius around the airport, 2) use close air support and airstrikes to support delivery of humanitarian aid flights, and 3) open a land corridor from the Adriatic to Sarajevo. The Joint Staff recommends against executing a military option given the high risks.
- The SARAJEVO-HUMANITARIAN TAB includes our assessment that existing food reserves, continued convoy deliveries, and commercial access through the airport tunnel should stave off severe

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shortages among most of Sarajevo's 280,000 inhabitants for several months. [REDACTED]

5. OPLAN 40104 Developments. The Principals will review issues associated with support for OPLAN 40104. TAB D behind MEETING PAPERS includes a State paper and short OSD summary of key issues associated with deployment of a NATO force to extricate UNPROFOR. OSD proposes that the NATO force have no follow-on mission beyond extricating UNPROFOR, that the force be completely neutral, and that it would not make any attempt to defend or evacuate civilians. [REDACTED]

6. This briefing book includes other background papers for your information. It is not urgent that you review them, but the Task Force has highlighted key passages of them for your convenience. The Task Force generally circulates these papers to policy agencies prior to Principals' meetings. [REDACTED]

7. I would welcome any advice you have on preparation of future briefing books. Following the PC, we would also appreciate any feedback on collection and analytic issues where we might better support the Principals. [REDACTED]

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A. Norman Schindler

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